

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 648 - SB 1090

April 4, 2019

SUMMARY OF BILL: Expands applicability of tax relief provided under the Property Tax Freeze Program for participating local governments.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – \$66,300

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-705, the legislative body of any county or municipality may, by resolution, elect to participate in the Property Tax Freeze Program (the Program). According to the Comptroller of the Treasury (COT), there are 23 counties and 32 cities that have elected to participate in the Program.
- Under current law, Tenn. Code Ann. § 67-5-705, the Program:
 - Is available for persons 65 years of age or older who meet certain income requirements;
 - Is applied to the eligible person's principal place of residence;
 - Requires applicants to apply for relief each year; and
 - Calculates property taxes due as the lesser of: (1) the actual tax due, or (2) the property taxes which were due at the time the property qualified for participation in the Program plus any adjustments for improvements made to the property since qualification.
- The proposed legislation expands the Program to provide an alternate scheme for eligibility and calculation in addition to the current relief:
 - Applies to persons 65 years of age or older with no income requirement;
 - Applies to property which eligible persons have held as their principal residence for at least 30 consecutive years;
 - Would assess eligible properties based on a previous appraisal cycle if the current cycle's appraisal is more than 50 percent higher than the previous cycle's appraisal of the property;
 - Requires persons to apply each reappraisal cycle; and
 - Disqualifies a property for relief in a subsequent reappraisal cycle if the appraisal is less than 150 percent of the appraisal which made the property eligible for relief.

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- According to COT, 14 of the 23 counties participating in the Program utilize the COT's Computer Assisted Mass Appraisal (CAMA) system. Within those 14 counties, 2.1 percent of the total properties would be eligible for the expanded relief provided under the proposed legislation.
- Within the 55 (23 counties + 32 cities) total local governments currently participating in the Program, there is a total of \$3,156,037 in relief provided to eligible property owners annually.
- Assuming the 2.1 percent increase in eligibility is also representative of the remaining 41 local governments, it will result in an increase in relief provided of \$66,277 (\$3,156,037 current relief x 2.1% expansion).
- The proposed legislation will result in a mandatory decrease in local government revenue for the 55 local governments currently participating in the Program estimated to be \$66,277 statewide annually.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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